

BTV Housing Summit – June 2019

Event & Feedback Summary



On June 11, 2019, the City hosted the BTV Housing Summit in order to kick-off a public conversation about housing policy reform in Burlington.

This report summarizes that event, the topics discussed, and the feedback that attendees shared. The conversation will continue at a second public meeting on September 4, 2019, where the City will share initial recommendations developed in response to input received at the June meeting. This report consists of an overview of the day, an Appendix A that summarizes each of the five topic areas and the feedback that attendees shared on these topics, and an Appendix B that summarizes the “Open Space” sessions.

Background: A gathering to continue momentum on the Housing Action Plan

In 2015, the Burlington City Council adopted the [Housing Action Plan](#), which included 22 strategies to address five key issues related to the availability and affordability of housing in Burlington. The Plan recognized that a key challenge facing the city for more than 30 years has been housing affordability, and identified the need to continue and build upon efforts to address both the supply and cost of subsidized and non-subsidized housing in a way that is consistent with the City’s characteristics. In particular, the Plan’s strategies aim to create new housing options for the City’s low- and moderate-income residents, help reduce the cost of housing for all Burlington residents, and continue supporting efforts to protect tenants’ rights, prevent displacement, and ensure fair housing.

Since the Housing Action Plan was approved in 2015, the Mayor’s Office, City departments, various boards and commissions, and the City Council have been working to implement these strategies. Several have been completed, such as the creation and adoption of *planBTV: Downtown Code* and *planBTV: South End*, and the development of the Neighborhood Project Toolkit. Other strategies have largely been implemented, such as the preservation of affordable housing at the North Avenue Cooperative and the implementation of a coordinated entry system for permanent supportive housing. Still others are in the works, such as a comprehensive update to the City’s Inclusionary Zoning Ordinance.

In Mayor Miro Weinberger’s [2019 State of the City Address](#), he outlined a plan to bring focus and energy to bring resolution to five of the remaining strategies from the Housing Action Plan. On June 11, the City hosted the BTV Housing Summit in order to 1) build momentum and a shared understanding of housing policy in Burlington; 2) use the input of stakeholders and the public to help the City develop a slate of five policy reforms that will be delivered to the Council for action in

the fall of 2019; and 3) knowing that there will be more work to do, begin a discussion about what will follow those immediate reforms.

The following report includes a summary of the presentations and group discussions that took place at the June 11 Housing Summit. This Summit consisted of two parts: A daytime working meeting from noon-5:00 pm, followed by a Town Hall Meeting 6:00-8:00 pm that repeated the daytime material in a briefer format in order to make it accessible to an audience that couldn't attend during the day. About 200 people attended the Summit across both sessions, and in both the daytime and evening portions, attendees heard from keynote speaker Minneapolis City Council President Lisa Bender about housing policy reform in a national context, broke into small groups to workshop five specific areas for reform, and self-organized in an "Open Space" session to start generating a list of what housing policy reforms should come next. The day was emceed by Jennifer Wallace-Brodeur, who serves on the Burlington Planning Commission.

The five areas comprise a multi-pronged approach to increasing housing availability and affordability. These areas are:

- Updating our standards for **energy efficiency in rental housing** in order to support our climate goals and protect renters from unreasonably high utility costs;
- Making it easier for people to build **Accessory Dwelling Units (ADUs)** which offer more flexibility for families to age in place, offset housing costs for homeowners, and create additional neighborhood-scale housing options throughout the city;
- Implementing new regulations for **short-term rentals** (like Airbnb) that help us reduce impacts on long-term housing availability and neighborhoods, while balancing the economic benefit for Burlingtonians who are hosts;
- Reforming our **requirements for building new parking** in new residential developments in our downtown and along key transportation corridors, in order to reduce a major cost driver of housing and give people more choices when it comes to the cost of car ownership; and
- Continuing Burlington's proud legacy of building as much permanently affordable housing as possible by restoring and increasing the level of funding for the **City's Housing Trust Fund**.



Breakout groups on June 11, 2019 at the BTV Housing Summit.

The Summit was the first of two public meetings on housing policy reform, with a second event to take place on September 4, 2019. At this second meeting, the Administration will share initial recommendations for policy reform in each of the five areas, and ask for additional public input.

How cities are tackling their housing challenges – Minneapolis, Burlington, and beyond

The Summit began with remarks from Minneapolis, Minn. City Council President Lisa Bender and Burlington Mayor Miro Weinberger. President Bender shared key takeaways from Minneapolis's recent success in adopting Minneapolis 2040, the City's Comprehensive Plan to guide growth, prioritize racial equity, and fight climate change. Most notably, she shared that this plan calls for the elimination of single-family zoning across the city based on the historic relationship between the city's zoning policies and redlining¹, and the enduring geographic, racial, and economic inequality that continue to impact Minneapolis residents today. President Bender also shared a brief history of other policy reforms that she has led during her tenure on the Council, including creating an inclusionary zoning ordinance, reforming the City's accessory dwelling unit policies, lowering and in some places eliminating minimum parking requirements, and creating the city's local \$15 minimum wage and paid sick time law (the first in a Midwestern city). President Bender's remarks were followed by a Q&A session moderated by emcee Jennifer Wallace-Brodeur.

Mayor Weinberger then spoke about Burlington's decades-long challenges with housing availability and affordability. He stressed the importance of getting local housing policies right in order to

¹ Redlining was a practice that began in the 1930s to deny or limit financial services to neighborhoods that were deemed risky for investment, generally because residents of these neighborhoods were people of color or were poor.

address these long-standing challenges, as well as to address other pressing community issues related to diversity and inclusion, climate change, traffic and transportation, and economic development. The Mayor also provided examples of how Burlington is not alone in these endeavors, sharing examples of local, state, and even federal efforts to implement housing solutions.

The Mayor also shared data on Burlington's housing trends over the last approximately 15 years. Among the trends noted: While 266 new homes were created in Burlington between 2003 and 2011, that number increased to 744 between 2012 and 2019; Over that time, the average vacancy rate doubled from 0.7 percent 2006-2011 to 1.5 percent 2012-2019; and Market research finds that over the past four years, annual rent inflation has declined from 2.9 percent to 2.1 percent even as the annual change in CPI-U has increased from 0.1 percent to 2.5 percent – data that suggests that landlords have been unable to increase rents in conjunction with rising operating expenses.

The Mayor noted that these trends have resulted from a two-pronged approach to tackling the City's housing challenges, and both continuing to build as much permanently affordable housing as possible while also pursuing policies and proactive efforts to create more homes for households of all backgrounds. The Mayor then shared that these trends will be aided by continued efforts: implementing additional policy reforms called for in the Housing Action Plan, working with the community and partners to identify a slate of additional reforms, and building a new consensus about how to increase the supply and reduce the cost of both subsidized and non-subsidized housing in Burlington.



Mayor Weinberger's keynote at the BTV Housing Summit.

The opening portion of the day concluded with short presentations from a number of City staff working on housing policy efforts. These presentations offered a brief snapshot of the challenges and opportunities associated with each of the following policy reforms, and invited participants to lend their feedback on how to approach these reforms during the day's breakout sessions. As listed

above, the five areas presented were: Energy Efficiency in Existing Rental Housing, Accessory Dwelling Units, Short-Term Rentals, Minimum Parking Requirements, and Housing Trust Fund.

A full recording of presentations by President Bender, Mayor Weinberger, and other City staff can be found online courtesy of CCTV: <https://www.cctv.org/watch-tv/programs/burlington-housing-summit-2019#>

Following the plenary portion of the Summit, participants broke into breakout sessions to share feedback on the five areas of housing-related policies. The breakout sessions were designed to hear many and broad reactions to the topics. Following the breakout sessions on the five specific areas, there was also space for attendees to share and develop other housing policy ideas in the form of self-organized “Open Space” sessions.



Breakout session discussion at the BTV Housing Summit.

Additionally, there was space for other housing policy issues that were important to attendees to be shared and discussed. The City will use the feedback shared at the Summit to shape proposals for reforms in the five areas, and to determine other next steps, which will be shared and further refined at the September 4 event. Ultimately, the Administration will send these policy reforms to the City Council for consideration and action this fall.

Appendix A to this report summarizes each of the five topic areas and the feedback that attendees shared on these topics. Appendix B to this report summarizes the “Open Space” sessions.

Appendix A: Overview of Five Areas for Housing Policy Reform & Summary of Feedback

Short-Term Rentals

What is a short-term rental?

Short-term rentals are typically dwelling units rented in whole or in part to guests for overnight stays of less than 30 days using platforms such as AirBnB, VRBO, Craigslist, and others. Globally, the short-term rental industry has grown rapidly, experiencing an 800 percent growth rate from 2011-2017. As a result, communities have wrestled with the benefits and impacts of these units. While short-term rentals have created more beds in many communities to accommodate tourists and overnight guests, and allowed some residents new opportunities for income and entrepreneurship, some cities have also documented negative impacts on housing availability, affordability, and other safety and nuisance concerns, and many cities have found regulatory solutions to balance these benefits and concerns.

In Burlington, snapshots of the short-term rental market in Burlington in 2018 and 2019 revealed more than 400 unique listings found across listing platforms. Just over 60 percent of these listings are for the entire dwelling unit; compared to about 10,000 rental housing units in the city, this amounts to about 2 percent of the rental housing stock. However, only 17 of these listings have zoning permits. The *Burlington Comprehensive Development Ordinance* (zoning and land development regulations) currently permits short-term rentals under the standards for a traditional B&B or a hotel. Many of the permitted units received a zoning permit as a result of an enforcement action, which is typically based on a complaint that the unit was being rented without the proper zoning and minimum housing permits.

Of the observed listings in 2019, about a quarter were for an entire one-bedroom or studio apartment, which raises questions about whether accessory dwelling units (ADUs) are commonly being used for short-term rentals. Recently, a number of new ADUs have been permitted and built specifically to be rented as a short-term rental. In Vermont, as of 2017, a statewide rooms and meals tax applies to all short term rentals; Burlington has also implemented an additional 2 percent local rooms and meals tax.

Approaches that cities have used to regulate short term rentals vary widely:

- Bar Harbor, ME: A more permissive approach, the City created a registration process that includes standards for health and safety of guests.
- Portland, ME: Concern is primarily about the impact on local housing supply. City has limited the number of short-term rentals in buildings based on whether the building is owner-occupied or renter-occupied, and based on the total number of units in the building.
- San Francisco, CA: Facing a notorious housing crisis, the City has created a robust set of zoning and building code standards specific to short-term rentals, and has established a new office to enforce these regulations.

Resources for more information:

- Impacts on rental housing affordability and availability:
 - Research: When Airbnb Listings in a City Increase, So Do Rent Prices (*Harvard Business Review*, 2019), <https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices>
 - Cities Tell Airbnb to Make Room for Affordable Housing (*PEW*, 2018), <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2018/10/18/cities-tell-airbnb-to-make-room-for-affordable-housing>
- Local regulatory frameworks:
 - San Francisco Office of Short-Term Rentals, <https://shorttermrentals.sfgov.org/>
 - Frequently Asked Questions about Short-Term Rentals (*Stowe, VT*) [http://townofstowevt.org/vertical/Sites/%7B97FA91EA-60A3-4AC6-8466-F386C5AE9012%7D/uploads/FAQ Short-Term Rentals.pdf](http://townofstowevt.org/vertical/Sites/%7B97FA91EA-60A3-4AC6-8466-F386C5AE9012%7D/uploads/FAQ%20Short-Term%20Rentals.pdf)
 - Short-Term Rentals (*Vermont Department of Taxes*), <https://tax.vermont.gov/business-and-corp/meals-and-rooms-tax/short-term-rentals>

What did BTV Housing Summit attendees say about short-term rentals?

The breakout session on short-term rentals at the BTV Housing Summit explored potential opportunities for, and resulting from, the City's allowing short-term rentals:

- Produce income for residents to subsidize their cost of living and/or better utilize existing housing stock;
- Establish uniform minimum standards for public health, safety, and welfare for hosts, guests, and the community at-large;
- Balance the benefits to owners with the preservation of housing stock and community/neighborhood character; and
- Create a process for neighborhood influence, establish provisions for accountability of hosts and guests.

Participants also discussed the challenges with, and resulting from, allowing short-term rentals:

- Wide range of regulatory approaches have been utilized, from lightly to tightly controlled, from uniform rental standards to those specific to short term rentals;
- Reduce housing units available for long-term residency, and potential to drive up rental rates;
- Neighborhood impacts such as noise, traffic, and high guest turnover;
- Highly-specific regulations require significant enforcement capacity; and
- Education and outreach about where these units are allowed, and any limitations on the number or duration of stays/guests.

The City asked the following questions of participants at the Summit. Groups discussed these and other issues related to this topic. The following summarizes the groups' key takeaways and a summary of other discussion points related to this topic:

- ***What do you see as the most important benefits and/or the most significant drawbacks of short-term rentals?***
 - Benefits
 - Income stream for property owners, overlap with ADUs in benefit to older adults
 - Less wear and tear on a unit than long-term rental, better revenue, ability to “turn it on and off” with flexibility for the owner/host
 - More affordable and authentic option for travelers; bring people to the city that are spending money and recreating in neighborhoods
 - Drawbacks
 - This is a shift in the traditional housing stock that undermines affordability; there are entire countries that don’t allow
 - Any unit that is a short-term rental is a loss to the housing market and we currently have a crisis; with a 1-2 percent vacancy rate, why wouldn’t we consider strictly controlling these rentals?
 - Short-term rentals disproportionately benefit wealthy homeowners, and restrict non-owners/low-income renters from this form of income generation either due to lease restrictions or lack of an acceptable property to rent. Short-term rentals are not an acceptable way to use our housing stock
 - Property speculation for the sole purpose of AirBnB is essentially a business taking housing units out of the market
 - Unfair to hotels, traditional B&Bs as short-term rentals not held to the same standards.
- ***What do you see as being the most important elements about short-term rentals to regulate, and how restrictive or permissive should we be?***
 - Participants’ input regarding degree of regulation varied widely, including such positions as:
 - With short-term rentals making up a low percentage of units, is it worthwhile for the city to regulate, inspect, etc?
 - How do we align the regulations with our overall housing goals?
 - Zoning restrictions seem like they could have economic disparities
 - Short-term rentals shouldn’t be a mechanism to avoid landlord-tenant laws
 - Treat them as hotels as they are destructive to communities
 - Severe restrictions or bans on short-term rentals are needed until we address broader housing issues and inequalities
 - Specific ideas about regulation:
 - There is no legal definition of a short-term rental today
 - Have an impact fee/replacement fee if it is an existing unit converted to short-term rental. If it is a new unit created for the purpose, just develop to the same standards as long-term housing

- Require and enforce owner-occupancy, registration process
 - Meet minimum housing standards or more (e.g., treat them as hotels)
 - Different requirements for owner-occupied or not
 - Consider limiting number of days or prohibiting whole house rentals or non-owner-occupied properties; allow for partial housing/individual rooms
 - Allow more openly in the downtown, but more restrictive in neighborhoods
 - Consider a max number of units in the city, limit the number of units an owner can rent
 - If regulated, have some of the fee revenue go to the Housing Trust Fund
 - If regulated, who manages/enforces, where does the money for a program come from?
 - Short-term rental process is cumbersome and not too different from creating a duplex or an additional unit of housing; may intimidate people
- ***Other comments & concerns shared by participants:***
 - Need a study examining the state of short-term rentals in the city, and need to ensure the structure is in place to inspect/enforce before diving into regulation
 - Who and how are taxes received by AirBnb?
 - Who are the typical owners of short-term rentals in Burlington?
 - Are there people that are using AirBnb to seek out long-term housing? What about people who move between short-term rentals as their housing options?
 - What is Stowe doing about this? (shared with the thought that it is a good place to compare)
 - How do you enforce a registration/regulation process? If the market is creating a demand for something, you can make rules but still have trouble regulating
 - Put the effort behind what you want to see, not what you want to stop
 - If there are incentives for ADUs, ensure that they are not for short-term rentals
 - What happens when a home with a short-term rental is sold?

Minimum Parking Requirements

What are minimum parking requirements?

Cities across the country have required a minimum number of parking spaces for residential and commercial land uses for decades. The primary goal of these minimums is to ensure that abundant, and often free, parking is available. But increasingly, cities are learning that these requirements are posing land use, economic, and transportation challenges. Reducing or eliminating these minimum parking requirements has been the subject of a robust national debate for the past several years. [Hundreds of cities](#) have done away with parking requirements in all or part of their community. This is not to say cities have prohibited the creation of new parking, nor required the removal of existing parking. As a result of market and lending realities, developments and redevelopments still typically include parking, but cities rather than have eliminated parking minimums no longer mandate a minimum number of new spaces to be created when development or redevelopment occurs.

In Burlington, since the 1970s, all new development has been required to provide a minimum number of parking spaces. In 2008, as part of the City's comprehensive update to the *Comprehensive Development Ordinance*, the City created three separate parking districts. Within the Downtown Parking District, parking requirements for most land uses were reduced. The Shared Parking District maintains a moderate parking requirement, and the Residential District has the highest requirement.

In the 2013, *planBTV: Downtown & Waterfront Master Plan* found that within the downtown core, about 30 percent of all parking spaces were vacant even at peak times. That is the equivalent of over 2,600 parking spaces throughout parking lots and garages, with 56 percent of these spaces in private parking facilities that were either used exclusively for private purposes, or that were open to the public at some times.

In total, almost 14 percent of all land area in downtown is dedicated to parking. However, about 39 percent of all Burlington workers don't drive to work, and about 15 percent of all households city-wide don't have a car. This is the equivalent of almost 2,400 households and about 20 percent of all renters. With the adoption of *planBTV Walk Bike* and the 2016 *Sustainable Infrastructure Capital Plan*, the City has committed greater levels of funding and a more expedited process to repair, maintain, and expand the city's walking and biking networks. Yet, despite these factors, since 2008, the City's parking requirements have still mandated the creation of 7,000 new parking spaces throughout the city, with 2,000 of those required in the downtown. This is equivalent to about 53 acres—or 40 football fields—of new parking.

Parking is an issue that all communities wrestle with in planning, policy-making, the permitting process, and transportation system improvements. Weighing changes to the City's parking requirements requires a discussion of both the challenges associated with requiring a minimum number of spaces, and the opportunities to regulate parking differently, including:

- Challenges of requiring a minimum number of parking spaces for new development:
 - The cost, complexity of building parking often poses a significant deterrent to new development
 - An on-site parking space adds 15-20 percent to the cost of a typical residential unit (~\$200-\$300/mo.)
 - Mandated spaces have a disproportionate burden on lower-income households and limit the creation of smaller, more affordable housing units
 - Parking displaces valuable and desirable types of development, and limits Grand List growth
 - Parking at the street-level erodes the urban fabric and character of the built environment
 - Excess parking increases traffic congestion, greenhouse gas emissions, and undermines the viability of public transit

- Opportunities for reforming parking requirements:
 - Cities that have eliminated minimum parking requirements have found that parking is still being created, in a way that supports the creation of affordable housing and public transit investments, and improves community and economic vitality
 - Changes are often coupled with robust parking management & way-finding programs

More than 100 communities have recently or eliminated minimum parking requirements in some or all of their community, and hundreds more never had parking requirements to begin with. These communities can offer a wide range of examples for potential policy reforms, such as:

- Buffalo, NY- Eliminated parking requirements city-wide
- Hartford, CT- Eliminated all mandatory parking minimums and imposed maximum parking caps for most uses
- Minneapolis, MN- Eliminated parking requirements downtown, and for large multi-family developments near transit

Additional Resources:

- People over Parking (Planning, 2018), <https://www.planning.org/planning/2018/oct/peopleoverparking/>
- How Parking Requirements Hurt the Poor (Washington Post, 2016), https://www.washingtonpost.com/news/in-theory/wp/2016/03/03/how-parking-requirements-hurt-the-poor/?utm_term=.8f4f7e9d2d7a

What did BTV Housing Summit attendees say about parking minimums?

The City shared the following questions with participants at the summit. Groups discussed these and other issues related to this topic. The following summarizes the groups' key takeaways and a summary of other discussion points related to this topic:

- ***What is your reaction to the idea of eliminating parking requirements in Burlington? Do you feel differently about certain parts of the city?***
 - Eliminate parking requirement, particularly near transit corridors in order to improve public transportation and to house people rather than cars
 - Eliminate minimum requirements, but don't require the elimination of existing parking
 - Relax requirements as long as there are payments into a sustainable transportation fund (e.g., eliminate minimums, and put developer savings from parking into a public transit fund)
 - Consider parking maximums (both downtown and regionally); regional maximums are key to ensure developers don't feel like they need to compete with other places to provide parking
 - More openness, and even support for, the idea of downtown, transit corridors, for affordable housing, and ADUs; reservations about how this would work in

residential areas, and concern about keeping requirement for short-term rentals; a few felt that we should eliminate city-wide

- Some developers commented that it is up to the developer, lender, tenants to figure out how to make parking work, even if that means off-site leases, etc; pre-1970s [when BTV began regulating parking], we figured it out
 - Swap all instances of “minimum requirement” with “maximum allowed” in current zoning ordinance as a start
 - Consider shared parking agreements
 - Pair this with active transportation investments
 - Work with university to prohibit student cars. It’s hard to change parking in the city without taking into account the impact on this population
 - Need more data about parking availability, user-ship and demand (including workers living within a commutable distance), and impacts of significant changes to requirements, how much new building space could be created with the parking we already have, more info about best practices from other communities
 - Questions about places that don’t have enough parking for their existing uses today—how to manage lawn parking, driving over curbs, loss of green space, etc?
 - Want to ensure that we don’t shift the burden for providing parking from private developer to the public
 - Public engagement is key to help build consensus; phasing in is key
- ***Should we create a payment-in-lieu of parking fund? If so, what should the fund support?***
 - If there is a fund, flexibility is key; need to price it so that the cost to pay in-lieu is less than cost to provide parking or you won’t reduce housing costs—just replacing one requirement with another doesn’t address the underlying affordability issue
 - Need to price on-street parking correctly—can’t separate this issue from the impact that charging more for parking has on parking availability
 - It could fund:
 - Alternative transportation infrastructure
 - Public transportation (work with GMT to improve transit, including more frequent and smaller shuttles, regional links)
 - City’s general transportation fund (for the Commission to allocate)
 - Public Parking
 - Public education tools like real-time parking apps
 - Expansion of CarShare
 - Need to consider ways to disincentivize driving/car ownership, such as incentivizing transit
 - Suggestion that developers should be more invested in public transit regardless, and providing incentives to their tenants to use it
 - ***Other comments & concerns shared by participants:***

- The places that have the greatest perceived parking challenges are the most vibrant; historic buildings and areas are vastly under-parked, but how do we address residents' desires for dependable parking?
- Preposterous to be investing this many resources into car infrastructure; need to invest in transit, biking, walking, and discourage car ownership. Need to go farther than reducing requirements, and convert existing parking for other forms of transportation
- For climate change reasons, drastic action is needed now
- Some participants expressed concern that parking is already hard to find in Burlington, and that this would negatively affect customer comfort, businesses, and lower the value of rental properties. There are concerns that rental housing demands at least two spaces per unit
- Not fair to deny access to people that do own cars/need a place to park them
- There were a lot of conversations about the need to improve public transit. However many groups noted the trouble with transit: it lengthens commutes, and poor service is a class issue; however, some acknowledged that is a symptom of not having good alternatives, and that more housing density would help create more support for transit
- Don't want to impact parking for people who live outside the city and visit; don't incentivize people to visit other towns instead of Burlington
- How to incentivize private parking owners to loosen their restrictions and make their spaces available, such as on the weekends?
- How to encourage residents to use municipal lots at night for their parking needs?
- A participant suggested we should get rid of street parking in favor of bike facilities, charge a toll to enter the city, and require all parking on-site in underground facilities
- Need more innovative and integrated approach to all alternatives to driving
- Why has this idea not succeeded in the past?

Housing Trust Fund

What is Burlington's Housing Trust Fund?

The Housing Trust Fund is a critical resource for the creation and preservation of affordable housing in Burlington. The first allocation to the Housing Trust Fund was made in 1990, and it is the largest source of municipal funds for affordable housing. It is funded by a dedicated tax of a half-penny per \$100 of assessed property value for all properties city-wide². It generates about \$200,000 per year, and about \$12.42 for the average Burlington homeowner per year. Since its creation, the fund has directly contributed \$5.9 million (of nearly \$7.4 million in total investment) to support the creation of 1,800+ affordable homes and beds, which has leveraged an estimated

² When the Housing Trust Fund was first established, it was funded by a dedicated tax of a full penny per \$100 of assessed property value. However, this was adjusted downward to a half-penny in 2006 following a City-wide reappraisal, in order to ensure the fund would be revenue neutral.

\$35.5 million in total project funding³. Collectively, these funds have supported the creation or preservation of 1,686 affordable housing units and 117 beds in Burlington, ranging from new multi-family senior housing, to adaptive reuse projects, co-ops, transitional housing, and individual residential sites throughout the city.

The vast majority of funding goes to the creation of new housing units by supporting projects. These funds, however, also support the capacity of non-profit organizations that create and preserve affordable housing. The fund contributes about \$4,126/unit or bed of permanently affordable housing. In addition to the dedicated tax, other revenue sources that contribute to the fund include:

- Inclusionary zoning payments in lieu (there have been no contributions from this source since 2011)
- General fund (discretionary contributions included in Mayor Weinberger's budgets, and supported by the City Council, since 2016)
- Replacement housing payments (once every 1-2 years)

Organizations that receive grants from the Housing Trust Fund:

- Champlain Housing Trust (project and capacity grants)
- Cathedral Square Corporation (project grants)
- Committee on Temporary Shelter (project and capacity grants)
- Burlington Housing Authority (project grants)
- Dismas House (project grants)
- Ethan Allen Residence (project grants)
- HomeShare VT (capacity grants)

The Housing Trust Fund has benefited from a base stream of funding for 30 years. However, that contribution has decreased by 40 percent in 2019 when adjusted for inflation. During that same period, the number of cost-burdened low-income households in the city has increased by about 7 percent, from 33 percent in 1989 to 40 percent in 2019. In Burlington, about 60 percent of the city's households are renters, and of those renter-occupied households, 60 percent are paying more than 30 percent of their income on rent and related housing expense.

Beyond Burlington, both cities and states around the U.S. have created Housing Trust Funds. By utilizing a variety of funding sources, other cities and states have been able to generate anywhere from \$100,000 to \$30 million per year to fund Housing Trust Funds. The most common dedicated sources of public funding for these funds are developer impact fees and inclusionary zoning in-lieu fees, followed by property taxes. Other funding sources used include:

- Developer fees (inclusionary zoning in-lieu and impact fees)
- Property taxes
- Tax Increment districts
- Hotel/motel/short term rental fees
- Demolition taxes
- Real estate transfer and/or recordation taxes

³ Every \$1 of investment from the Housing Trust Fund is estimated to leverage an additional \$6 of other investment.

- Land sales

- Bond revenues

It has been found that each \$1 invested leverages another \$6 of investment for affordable housing. In Burlington, each half-penny increase in the dedicated tax has the potential to generate about \$200,000 in additional funding per year for the Housing Trust Fund.

What did BTV Housing Summit attendees say about the Housing Trust Fund?

The City shared the following questions with participants at the summit. Groups discussed these and other issues related to this topic. The following summarizes the groups' key takeaways and a summary of other discussion points related to this topic:

- ***Is the Housing Trust Fund being funded at the right level today?***
 - There was near-unanimous consensus that the fund is not being supported at the appropriate level
 - Some participants were interested in more information on the fund, including the ROI, how many requests are made to the fund today that cannot be matched, etc.
 - Some shared a concern that if funding is increased, need to ensure that funding is not supporting capacity grants for organizational staff that aren't actively working on development of housing
- ***If not, at what rate should it be funded, and how should we get there?***
 - Many participants were supportive of increasing the municipal contribution and/or seeking other sources of funding
 - There seemed to be some consensus that raising to a full penny would be palatable for voters
 - It was suggested that the increment be linked to the inflation rate to preserve the fund's actual spending power
 - There were some suggestions that the rate could be increased to 2 cents, perhaps by phasing in to this full amount
 - Frequently mentioned additional funding mechanisms were fees/taxes/housing replacement on short-term rentals, rooms and meals taxes, real-estate transfer taxes, "luxury housing" or progressive property taxes, housing bonds, impact fees, event fees, private sources, employer assistance funds
 - Consider Vancouver's approach to vacancy taxes, wealth taxes
 - Some participants had questions about the impact of various funding levels on property owners and the value of the fund
 - What is the increase of a full penny on property owners?
 - If the fund was increased to \$1 million, what would be the impact to taxpayers/property owners?
 - What is the tipping point for what the average homeowner can afford in the city?

- Need to consider that landlords will pass on any additional cost to tenants; how does increasing their property taxes impact rent-burdened tenants?
 - What is the relative value of the fund, and should we be putting money into this fund or other programs/processes that could have higher ROI for housing?
 - If the dedicated tax amount goes up, will the additional contributions (unpredictable) go away, or will we have a net increase in the fund?
- ***Other comments & concerns shared by participants:***
 - Some communities, such as Montpelier, are funding at a higher per-capita rate than Burlington; more funding available in South Burlington to developers of housing, etc.
 - In addition to increasing the funding, participants noted the need to improve conditions for housing development (i.e. reform zoning) to lower the cost of creating housing
 - Some participants also suggested exploring a variety of housing types that could be funded, and particularly moving away from funding the single-family home purchase (suggestions included ADUs, rental subsidy, purchase of SF homes to convert to duplex/triplex, supporting homeless populations (with both housing, housing retention, and other support services), rehabilitating formerly college student housing, addressing population making more than 80 percent AMI, etc.)
 - Developers are concerned that we need to get more creative about financing. Cost to develop a unit of housing is \$250K. Banks value a market rate unit at \$250K, but an IZ unit only at \$90K. The idea that the market rate units make up the difference is not true
 - Need to tie increases to a specific and measurable goal about # of units and/or populations that will be supported
 - Questions about whether or not this would work better as a regional approach
 - There were concerns that without making IZ more income-sensitive, tying it to the real cost of housing, and increasing minimum wage, that there will continue to be a gap

Accessory Dwelling Units

What is an Accessory Dwelling Unit?

Accessory Dwelling Units, or ADUs, are commonly defined as an independent housing unit within a single-family home, within an addition, or on the home's lot. ADUs have been promoted in many cities as a flexible way to create housing units, particularly in places with high housing costs. Additionally, ADUs are touted for their benefits to homeowners, including additional income, flexible living situations, and opportunities for multi-generational living and aging in place. Further, ADUs are considered to help renters as they are often rented at more affordable rates and offer housing choices in lowest density parts of the city. Finally, communities can benefit from ADUs as

they are a tool to add housing in cities without the impacts of major development, and with minimal impact on neighborhood character.

ADUs have been legal in Burlington since statewide enabling legislation was passed in 2005. In 2008, as part of the City's comprehensive update to the *Comprehensive Development Ordinance*, some of the regulations around ADUs were made more permissive. Even still, the Housing Action Plan directed the City to conduct a study of the benefits and ways to mitigate impacts associated with ADUs. The City produced the [2019 ADU White Paper](#), which found that by 2017, there were just 35 permitted ADUs in the city, which have been expensive to build (ranging from \$20,000 to \$150,000) and financed primarily with cash. A survey of the owners of ADUs found that most found the City's permitting process confusing and complex, with many owners interested in a step-by-step guide for how to build an ADU in the city.

The City's report also reviewed ADU studies and policies from other communities. Based on this research, common barriers that were reported to ADU development were:

- Zoning regulations such as setbacks, height limits, and lot coverage limits
- The basic cost of construction
- Requirements for on-site parking for the ADU
- The cost, time, or complexity for acquiring the necessary permits
- The cost of design and engineering services
- The requirement that an owner must reside in the ADU or the primary dwelling
- Concerns about impacting neighbors

Based on these barriers, cities have taken a range of approaches to reforming ADU policies. At minimum, and often as a result of state-wide statutes, some communities have modified regulations to allow ADUs, yet they remain primarily concerned with regulation to mitigate real or perceived impacts. This often requires significant time, process, and/or expense for an owner to create an ADU. In other communities, particularly those with high housing cost burdens, studies of the benefits and impacts of ADUs have been undertaken which result in more deliberate policy reforms to simplify permitting, aid in design, and offer other guidance. A small, but growing number of cities have leveraged these efforts, incentivizing their construction through even more progressive policy reforms and by providing technical and/or financial assistance to create ADUs.

Based on local and national research, the City's White Paper then offered the following recommendations for Burlington:

- Clarify and provide greater consistency in regulations and permitting for ADUs
 - Develop design guidelines
 - Allow for administrative review of ADU permit applications
 - Eliminate the parking requirement for some ADUs
- Create non-regulatory approaches to reduce barriers to creating ADUs
 - Create a "how-to" guide
 - Create an ADU Pilot Program

- Identify tools to help reduce impacts and prevent abuse of ADUs
 - Develop design guidelines
 - Review short-term rental policies in regards to use of ADUs
 - Collect and monitor data about ADU creation, use, and impacts

What did BTV Housing Summit attendees say about ADUs?

The City shared the following questions with participants at the summit. Groups discussed these and other issues related to this topic. The following summarizes the groups' key takeaways and a summary of other discussion points related to this topic:

- ***How should Burlington's regulations be updated to reduce identified barriers to ADU development?***
 - Reconsider lot coverage and ADU size limits, including the following ideas:
 - Raise the lot coverage % from 35% to 50%
 - Remove lot coverage % limit and change to sq.ft.
 - Rethink the cap on the size of an ADU, such as up to 750 sq.ft.
 - Specific zoning requirements within neighborhoods
 - Current requirements seem to only make sense for larger homes/lots
 - Consider alternative approaches to parking requirements, such as:
 - No parking required
 - Reduce parking requirement
 - Change parking regulations on a neighborhood-by-neighborhood or case-by-case basis
 - Tie parking exemption for multi-unit ADUs to transit proximity
 - Some question whether reducing parking for residences makes sense given current ownership rates
 - Consider easier paths to permitting ADUs, such as:
 - Explore "permit by right", greater administrative permissions
 - Create "Green Light" standards that allow plans that meet defined design/health and safety standards to only require ac/min. review
 - Administrative review with design standards
 - Lessen regulations/offer incentives (such as size or other requirements) for ADUs if creating low-income housing/affordable rentals
 - Other regulatory considerations:
 - Most participants shared input about making ADUs easier to develop, reducing barriers, and ensuring that our regulations aren't more restrictive than other communities; a few participants expressed concern that they did not want to see ADUs without rigorous regulation
 - Make it easier for co-op structures/families to make ADUs
 - Utilize existing transportation demand management (CATMA, carshare, bikeshare) to allow ADUs to be permitted as SFHs

- Need to recognize and address relationship between ADUs and short-term rentals; no short-term rental use (especially if receiving public funding incentives)
 - Prevent work-arounds to owner-occupancy clause—e.g., have to enforce/track owner-occupation of the years to prevent developer/investors from buying up units and making more expensive
 - What is the purpose of the owner-occupancy requirement, and is it worth revisiting? Need clarity on what happens if an owner vacates the property
 - Keep minimum housing standards in place
 - Consider landscaping/screening standards to reduce neighborhood impacts
 - Consider expanded requirements for notifying neighbors; need to consider something other than just posting a Z-card for 15 days.
 - Want to use more sustainable/lower-impact building methods and/or materials, but rigidity in codes/uncertainty about what's permitted
- ***What additional tools can support ADU creation, while also helping to reduce potential impacts?***
 - More technical assistance, such as:
 - Have paid staff for outreach, technical assistance, mediation and education; could be a team of city staffers to help owners through the process
 - Create a guidebook for homeowners
 - ADU designs and floor plans provided, including plans focused on ways to reduce costs of creating units
 - Create a community development program/effort like Habitat to help reduce/eliminate labor cost for construction of units (Use tech schools, volunteer (student) labor, etc)
 - Offer education on being a landlord (lease writing, management, fair housing, etc)
 - Add ADUs to Homeownership Centers
 - Need a customer-friendly platform for resources for ADUs; there is a lack of public information
 - Financial tools/affordability:
 - Cost of construction, meeting building code requirements, cost of labor
 - Access to capital for financing
 - Grants or tax rebates to encourage the creation of new units
 - Revolving Loan Fund
 - HTF/CHT to provide loans/grants as well as education materials/help with permitting in exchange for some affordability/resale restrictions for a certain amount of time
 - Concerns related to creating ADUs include:

- Onerous process; confusion about how pathways differ if project is renovation vs. new construction
- Questions about requirements when creating ADUs within an historic property
- How are ADUs assessed for property tax and liability purposes?
- ***Other comments & concerns shared by participants:***
 - There is general interest in pursuing ADU creation, but many perceive barriers to doing so, especially related to cost and regulations
 - Some question real level of interest in ADUs, particularly compared to tiny homes
 - Interest in visiting some ADUs to see what a 400 sq.ft. structure is like (because the size is perceived as being too small)
 - Ratify addendum Q to the IBC relative to “tiny homes.” This would allow for smaller living quarters.
 - City has opportunity to be more permissive than the state
 - Opportunity to allow ADUs beyond just for single-family homes
 - Is there a way to encourage the “over-housed” homeowner to move into the ADU, to allow a family to rent the primary home?
 - Question was raised about allowing multi-unit buildings anywhere in the city with no limitation on ownership.

Energy Efficiency in Rental Housing

What is energy efficiency in rental housing?

Energy costs are an important, and often overlooked, part of a household’s housing costs. However, finding practical solutions to reduce household energy costs is made more challenging by the “split incentive” issue in rental housing. This split incentive, which impacts approximately 85 percent of Burlington’s rental units, occurs when a property owner is the one responsible for making investments in building weatherization and more efficient systems, but the tenant is responsible for paying the utility bill. The property owner has little incentive to make the unit more efficient, while the tenant has few options for improving the efficiency of the unit they occupy.

Within Burlington, addressing this issue is especially important because approximately 60 percent of all housing units in the city are renter-occupied. Additionally, of those renter-occupied housing units, about 60 percent have a housing cost burden—meaning they’re spending more than 30 percent of their income on rent, before utilities. This is nearly 10 percent higher than the state and national averages. Additionally, with a persistent 1-2 percent rental vacancy rate in the city, tenants have few alternatives for more energy efficient units.

Space and water heating are two of the biggest drivers of energy cost in our climate. Within Burlington’s existing rental housing stock, 95 percent-plus of units use natural gas heat for space heating and 85 percent for hot water heating. Therefore, the most effective energy efficiency upgrades that can be made for the city’s existing housing stock are weatherization (air sealing and

added insulation) and upgrading to more efficient heating appliances. To address this, the City of Burlington adopted a “Time of Sale” Ordinance in 1998, which mandates that some energy efficiency improvements are made when a unit is sold.

Addressing the “split incentive” issue is a priority, both to increase the affordability and quality of existing rental housing for tenants, and to help the City achieve its climate goals. In searching for the best solution to address this issue, the following challenges and opportunities should be weighed:

- Challenges
 - Energy efficiency improvements have a low return on investment to property owners, and long cost pay-back timeframes
 - Very low vacancy rates give tenants few options for securing more efficient housing
 - Burlington’s Time of Sale ordinance is an important tool to mandate some of these improvements, but the required investment level has not kept up with inflation, nor the real cost of making needed improvements to units, and only about 35 buildings (~90 rental units) are sold each year
- Opportunities
 - About 40% of existing rental units in the city have had improvements made via one of the three existing energy efficiency programs
 - Energy efficiency and weatherization are the wisest \$1 spent in terms of impact, despite being the hardest to sell from an ROI perspective
 - Increasing efficiency of units could result in \$100-\$400 in annual savings to tenants, which is particularly important to cost-burdened low-income households
 - We have an opportunity to update the Time of Sale ordinance to increase the investment amount and improve its enforcement, as well as explore other potential efficiency programs

Around the country, other communities have taken a range of approaches to solve this problem, improve outcomes for tenants, and achieve their sustainability goals. Some example approaches include:

Montpelier, VT- On Town Meeting Day 2019, voters approved a charter change that will allow the city to set energy efficiency standards for residential and commercial properties

- Minneapolis, MN- Time of Rent Energy Disclosure will require (in 2021) that rental property owners of buildings smaller than 50,000 sq.ft. to disclose the average energy use and costs/sq.ft. for the whole building, and an average of the last 2-3 years from the time of rent for units
- Boulder, CO- SmartRegs began in 2019. This will require a new rental housing license that requires proof of compliance with regulations at the time of application. Licenses for properties not in compliance with these regulations will expire and will no longer be eligible to rent.

Additional Resources:

- Minneapolis Time of Rent Energy Disclosure, <https://lms.minneapolismn.gov/File/2018-01331>
- Boulder Smart Regulations, <https://bouldercolorado.gov/plan-develop/smartregs>
- Montpelier Energy Standards 2019, <https://www.montpelier-vt.org/DocumentCenter/View/5814/Energy-Efficiency-Charter-Change?bidId=>

What did BTV Housing Summit attendees say about energy efficiency in rental housing?

The City shared the following questions with participants at the summit. Groups discussed these and other issues related to this topic. The following summarizes the groups' key takeaways and a summary of other discussion points related to this topic:

- ***What are your reactions to the challenges and opportunities for improving energy efficiency in our existing rental housing stock?***
 - There was a feeling that we need to connect energy efficiency to minimum housing standards, perhaps by requiring the low-hanging fruit improvements to be made first
 - Some participants feel strongly that having a licensing process for rental housing, with option for revocation, is important to affecting both housing quality and efficiency issues
 - Comments that we need to require home inspections between tenant turnover, not just a time of sale, and that time of sale should apply more than once per property
 - Concerns about how to make this matter to investment property owners/landlords without just passing on the cost of requirements/fines to tenants
 - Questions remain about current Time of Sale ordinance, and properties that have already made the improvements—what are their requirements?
- ***What are your thoughts on the models other communities are using to solve this challenge? What would it take for these to work in Burlington?***
 - Many agreed that energy labeling felt like a good first step, but some were concerned that the vacancy rate in the city is so low that there aren't any other options, so it may not have an impact
 - Others felt that adding "teeth" to the city's Time of Sale ordinance could be important
 - Some supported the idea of a SmartReg system, particularly for enforcement, but not in a way that would cause displacement. Questions about whether landlords could pay a penalty or some other fee, rather than losing a rental license?
 - May need to consider approaches for "small landlords" vs "large landlords" (i.e. how many properties/units are owned)
- ***Other comments & concerns shared by participants:***
 - Need a careful balance between the carrot and the stick

- Biggest concerns are about striking the right balance between improving requirements/conditions and increasing cost to tenants
- How to incorporate tenant education into this as well—what they can do, what they should do

Appendix B: Overview of Topics and Discussion from “Open Space” Sessions

At the BTV Housing Summit, over the course of both the daytime and evening sessions, posters were set up where attendees could add additional housing topics that they wanted to discuss. At the end of both sessions, attendees then broke-out into groups around those topics and self-facilitated open discussions that the City supported through notetaking.

During the daytime session, these topics were:

- Challenging the carbon footprint of standard housing
- Starting a Burlington YIMBY group
- Rent control/housing that is better and affordable
- City land for encampments and provision of basic utilities and City services
- Artist live/work space/housing
- Top 10 reasons we need more housing and missing middle
- Rent control
- Tiny houses for people without homes
- Taxing strategies to promote affordable rentals
- Building community buy-in for aggressive housing measures
- Transportation: Effective and efficient ways of getting more people to where they work and live
- UVM – housing students on campus
- Identification and preservation of open spaces, and how much and where do we need it for quality of life
- Wildlife corridor protection and creation
- Planning for mass migration due to climate change
- Sanctuary housing
- Impact of F-35s on planning
- City-owned housing
- Eliminating fossil fuel usage in buildings
- Raising the minimum wage

During the evening session, these topics were:

- Will new housing be more green? I.e., protect open spaces
- When will low-income housing be built?
- When will landlords be forced to properly repair their properties?
- Enforcement of time of sale ordinance, stronger code enforcement generally, some ideas to help rental property owners recapitalize their buildings

Over the course of one hour during the daytime session and 30 minutes during the evening session, attendees dug into these topics. Following the BTV Housing Summit, the City reviewed the notes from these sessions to assess issues for potential future work, following this fall’s focus on the five areas discussed in Appendix A. The City has given particular consideration to the issues raised in a pamphlet distributed at the Summit by the group the Burlington Tenants Union, and has been examining existing tenant protections like security deposit caps as well as the evolving national landscape of tenant protections.